

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1121 – SB 1292

April 10, 2013

SUMMARY OF ORIGINAL BILL: Requires any public contract concerning durable medical equipment (DME) and related services to be open to any supplier of DME and related services that is licensed in this state, has a physical location that is licensed in this state, and is accredited and bonded as determined appropriate by the Commissioner of Finance and Administration if the supplier is willing to provide DME equipment and services at the published price. Prohibits any company or private entity that acts in management of a contract for DME and related services or which approves claims for such equipment and services from having any financial interest in any contracted supplier. Any public contract for the provision of DME and related services entered into or renewed after the effective date of the bill must contain a termination notice requirement of a minimum of 120 days advance written notice by certified mail. Any clean claim arising from the public contract must be paid within 60 days.

The Bureau of TennCare (the Bureau) is required to establish and publish an annual fee schedule for DME and related services in each region in which it provides services at the beginning of the fiscal year for that fiscal year. The state and the Bureau are prohibited from excluding any DME supplier who chooses to accept the published fee schedule or rates. Recipients of medical assistance and any providers of medical services to recipients of medical assistance must be permitted to choose the DME supplier through which the recipient will receive DME and related services.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Exceeds \$7,737,500

Increase Federal Expenditures - \$13,873,900

Increase Local Expenditures – Exceeds \$25,400

SUMMARY OF AMENDMENT (006820): Deletes all language after the enacting clause. Prohibits the Commissioner of Commerce and Insurance from disallowing an agreement between a health maintenance organization (HMO) and any physician-hospital organization, or any other provider, provider group, or provider network, for the provision of health care services on a prepayment basis or other risk sharing basis on the basis that it transfers risk to the physician-hospital organization, or other provider, provider group, or provider network or transfers risk of payment for services to the physician-hospital organization, or other provider, provider group, or provider network if the HMO remains contractually responsible to its

HB 1121 – SB 1292

enrollees; enters into contractual arrangements that ensure compliance with applicable federal law, rule, regulation or waivers, including federal requirements; and assures the physician-hospital organization, or other provider, provider groups, or provider networks that are at substantial financial risk obtain either aggregate or per-patient stop-loss protection insurance coverage for the healthcare services included in the scope of the arrangement or the HMO remains contractually responsible to the subcontracted providers and provides a system for reserving for its continued liability. Provider aggregate or per-patient stop-loss protection insurance coverage as authorized by the bill is added to the definition of accident and health insurance for purposes of defining kinds of insurance. The provisions contained in the bill will terminate on December 31, 2016.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:


NOT SIGNIFICANT

Assumptions for the bill as amended:

- Tenn. Code Ann. § 56-32-104(a)(3)(E) currently prohibits the Commissioner of Commerce and Insurance from disallowing an agreement between an HMO and any physician-hospital organization for the provision of basic health care services on a prepayment basis on the basis that it transfers risk to the physician-hospital association under certain circumstances.
- According to the Bureau, the fiscal impact of the bill on the operations of the Bureau will be not significant.
- The Department of Commerce and Insurance regulates HMO risk sharing agreements and the transaction of insurance business.
- According to the Department of Commerce and Insurance, the fiscal impact of the bill on the operations of the Department will be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/ehu